State of California
Franchise Tax Board
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chair John Chiang | member Jerome E. Horton | member Michael Cohen

Date: 10.09.14

Case: 11360514740319536
Case Unit: 11360514740319540
In reply refer to 410:EAY

TO: CHIEF, BOARD PROCEEDINGS DIVISION
STATE BOARD OF EQUALIZATION
450 N STREET, MIC: 81
SACRAMENTO, CA 95814

FROM: ERIC A. YADAO

RE: Appeal of Debra Hackley
Appeal Case ID No. 728285
Revision to Deficiency Assessment—Tax Year 2002

MEMORANDUM

This appeal is presently set for hearing before your Board on October 14, 2014. Respondent has reconsidered appellant's information and has determined that it will allow the deduction of appellant's medical expense deduction for the $3,554 item.

The tax result on this revision is illustrated in a sample CA 2002 return (Exhibit M) and the deficiency is accordingly modified as follows:

Tax Year 2002	Original Deficiency	Revised Deficiency
Tax	$476.00	$428.00
Delinquency Penalty	$100.00	$100.00
Accuracy Related Penalty	$95.20	$85.60
Total	$671.20	$613.60

Eric Yadao
Tax Counsel

cc: Ann Doan
Craig Shaltes
Khaaliq Abd' Allah

STATE BOARD OF EQUALIZATION

Appeal Name: Debra Hackley
Case ID: 728285 ITEM #. B9
Date: 10.14.14 Exhibit No: 10.7
TP [FTB] DEPT PUBLIC COMMENT

FTB EXHIBIT
B9
October 14, 2014
Debra Hackley
728285

California Resident Income Tax Return 2002

FORM **540**

Fiscal year filers only: Enter month of year end: month _____ year 2003.

Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name	PBA Code	
Debra		Hackley		P
If joint return, spouse's first name	Initial	Last name		AC
Present home address — number and street, PO Box, or rural route		Apt. no.	PMB no.	A
City, town, or post office		State	ZIP Code	R

RP

Step 1a

SSN

Your social security number _____ Spouse's social security number _____

IMPORTANT: Your social security number is required.

Step 2

Filing Status

Fill in only one.

1 ● Single
2 ○ Married filing jointly (even if only one spouse had income)
3 ○ Married filing separately. Enter spouse's social security number above and full name here _____
4 ○ Head of household (with qualifying person). STOP. See instructions.
5 ○ Qualifying widow(er) with dependent child. Enter year spouse died _____.

Step 3

Exemptions

6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle ..... ● 6 ○

▶ For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.

7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions ..... 7 [1] X $80 = $ 80

8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 ..... 8 [ ] X $80 = $ _____

9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 ..... ● 9 [ ] X $80 = $ _____

Dependent Exemptions

10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**

_____ _____ _____

_____ _____ Total dependent exemptions ..... ● 10 [ ] X $251 = $ _____

11 Add line 7 through line 10. This is your total exemption amount ..... 11 $ 80

Step 4

Taxable Income

Attach check or money order here.

12 State wages from your Form(s) W-2, box 16 ..... ● 12 _____

13 Enter federal adjusted gross income from Form 1040, line 35; Form 1040A, line 21; Form 1040EZ, line 4; or TeleFile Tax Record, line I 13 36,486 00

14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 35, column B .... ● 14 _____

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions ..... 15 _____

16 California adjustments – additions. Enter the amount from Schedule CA (540), line 35, column C ..... ● 16 _____

17 California adjusted gross income. Combine line 15 and line 16 ..... ● 17 _____

18 Enter the **larger** of:
- Your California **itemized deductions** from Schedule CA (540), line 41; **OR**
- Your California **standard deduction** shown below for your filing status:
  - Single or Married filing separately $3,004
  - Married filing jointly, Head of household, or Qualifying widow(er) $6,008

If the circle on line 6 is filled in, STOP. See instructions ..... ● 18 7,869 00

19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 28,617 00

Step 5

Tax

Attach copy of your Form(s) W-2, and W-2G. Also, attach any Form(s) 1099 showing California tax withheld.

20 Tax. Fill in circle if from: ● Tax Table ○ Tax Rate Schedule ○ FTB 3800 or ○ FTB 3803 .... ◉ 20 945 00

Caution: If under age 14 and you have more than $1,500 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.

21 Exemption credits. If your federal AGI is more than $132,793, see instructions. Otherwise, enter the amount from line 11 ..... 21 80 00

22 Subtract line 21 from line 20. If less than zero, enter -0- 22 865 00

23 Tax. Fill in circle if from: ○ Schedule G-1, Tax on Lump-Sum Distributions
○ form FTB 5870A, Tax on Accumulation Distribution of Trusts ..... ◉ 23 _____

24 Add line 22 and line 23. Continue to Side 2 ..... 24 865 00

Your name Hackley Your SSN:

Step 6 Special Credits and Nonrefundable Renter's Credit

25 Amount from Side 1, line 24 ..... 25 865|00
28 Enter credit name_____code no_____and amount .... ▶ 28
29 Enter credit name_____code no_____and amount .... ▶ 29
30 To claim more than two credits, see instructions ..... ● 30
31 Nonrefundable renter's credit. See instructions for "Step 6" ..... ● 31
33 Add line 28 through line 31. These are your total credits 33
34 Subtract line 33 from line 25. If less than zero, enter -0- 34

Step 7 Other Taxes

35 Alternative minimum tax. Attach Schedule P (540) ..... ● 35
36 Other taxes and credit recapture. See instructions ..... ● 36
37 Add line 34 through line 36. This is your total tax ..... ● 37 865|00

Step 8 Payments

38 California income tax withheld. See instructions ..... ■ 38
39 2002 CA estimated tax and other payments. See instructions ..... ■ 39
41 Excess SDI. See instructions ..... ■ 41
Child and Dependent Care Expenses Credit. See instructions; attach form FTB 3506

● 42 ___-___-___ ● 43 ___-___-___
■ 44 ■ 45
46 Add line 38, line 39, line 41, and line 45. These are your total payments ..... 46 * 437|00

Step 9 Overpaid Tax or Tax Due

47 Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46 47
48 Amount of line 47 you want applied to your 2003 estimated tax ..... ■ 48
49 Overpaid tax available this year. Subtract line 48 from line 47 ..... ■ 49
50 Tax due. If line 46 is less than line 37, subtract line 46 from line 37 ..... 50 428|00

Step 10 Contributions

CA Seniors Special Fund. See instructions ..... ● 51 ___|00
Alzheimer's Disease/Related Disorders Fund ..... ● 52 ___|00
CA Fund for Senior Citizens ..... ● 53 ___|00
Rare and Endangered Species Preservation Program ..... ● 54 ___|00
State Children's Trust Fund for the Prevention of Child Abuse ..... ● 55 ___|00
CA Breast Cancer Research Fund .. ● 56 ___|00
CA Firefighters' Memorial Fund ... ● 57 ___|00
Emergency Food Assistance Program Fund ..... ● 58 ___|00
CA Peace Officer Memorial Foundation Fund ..... ● 59 ___|00
Lupus Foundation of America, California Chapters Fund ..... ● 60 ___|00
Asthma and Lung Disease Research Fund ..... ● 61 ___|00

64 Add line 51 through line 61. These are your total contributions ..... ● 64

Step 11 Refund or Amount You Owe

65 **REFUND OR NO AMOUNT DUE.** Subtract line 64 from line 49. Mail to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002 .... ■ 65
66 **AMOUNT YOU OWE.** Add line 50 and line 64. See instructions. Mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 .... ■ 66

Step 12 Interest and Penalties

67 Interest, late return penalties, and late payment penalties 67
68 Underpayment of estimated tax. Fill in circle: ○ **FTB 5805 attached** ○ **FTB 5805F attached** ..... ■ 68
69 Total amount due. See instructions 69
70 If you do not need California income tax forms mailed to you next year, fill in the circle ..... ● 70 ○

Step 13 Direct Deposit (Refund Only)

Do not attach a voided check or a deposit slip. See instructions
Fill in the boxes to have your refund directly deposited. Routing number ..... ●
Account Type: Checking ● ☐ Savings ● ☐ Account number ..... ●

Sign Here

IMPORTANT: See Form 540 instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. 3

Your signature X
Daytime phone number (optional) ( )
Spouse's signature (if filing jointly, both must sign) X
Date
Paid preparer's signature *(declaration of preparer is based on all information of which preparer has any knowledge)* ●
Paid preparer's SSN/PTIN
Firm's name (or yours if self-employed) Firm's address ●
FEIN

It is unlawful to forge a spouse's signature.

Joint return? See instructions.

* Tax Paid With Original Return

EXHIBIT M
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